

**FREQUENTLY ASKED QUESTIONS (FAQ'S)**  
**ON BANK INDONESIA REGULATION NO.12/11/PBI/2010**  
**DATED JULY 2, 2010 CONCERNING**  
**MONETARY OPERATIONS**

**Q. What is the background of the issuance of regulations on Monetary Operations?**

A. In order to enhance the effectiveness of Monetary Operations in the context of supporting the achievement of Bank Indonesia's goals to reach and maintain the stability of the Rupiah value.

**Q. What does Monetary Operation mean?**

A. Monetary Operations are the implementation of monetary policies by Bank Indonesia in the context of monetary management through Open Market Operations and Standing Facilities.

**Q. Who can participate in Open Market Operation and Standing Facilities?**

A. Open Market Operation is open for participation by Banks and/or other parties designated by Bank Indonesia, while Standing Facilities is only open for participation by Banks.

**Q. Which activities constitute Open Market Operation (OMO)?**

A. OMO include:

- 1) The issuance Bank Indonesia Certificate (SBI).

In relation to SBI trading, SBI holders are prohibited from making transactions on their SBI with other parties during certain tenure since their holding of the SBI **except**:

- a) transactions on SBI made by Monetary Operation Participants with Bank Indonesia; and
- b) transactions on SBI made after the coming into effect of this Bank Indonesia Regulation (PBI) concerning Monetary Operations, which constitute parts of the transactions that have been made before this BI Regulation comes into effect, until the maturity of the relevant transactions.

2) Repo and reverse repo transactions on securities.

In conducting repo and reverse repo transactions, Bank Indonesia may use securities of other parties designated by Bank Indonesia based on an agreement between Bank Indonesia and the owners of the securities.

3) Transaction on outright purchase and sale of securities.

Transaction on outright purchase and sale of securities are conducted on SBN (SUN & SBSN) and other high quality and highly liquid securities determined by Bank Indonesia.

4) Term deposit at Bank Indonesia.

Term deposit may be subject to early redemption insofar as they fulfill certain requirements and such redemption shall be subject to charges.

- 5) Sale and purchase of foreign currencies against the Rupiah, which are conducted, among others, by way of spot, forward or swap transactions.

**Q. Which activities constitute standing facilities activities?**

**A** Standing Facilities include:

- a. Lending Facility

Lending facility is provided through the repo mechanism of BI certificates, Sovereign Securities and other high quality and highly liquid securities determined by Bank Indonesia.

- b. Deposit facility

Deposit facility is provided without issuing any securities.

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